

Message Text

UNCLASSIFIED

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ACTION OPIC-06

INFO OCT-01 NEA-10 ISO-00 EB-07 /024 W
-----072018Z 067790 /46
R 060850Z MAY 77
FM AMEMBASSY DACCA
TO SECSTATE WASHDC 4531

UNCLAS DACCA 2429

E.O. 11652: N/A
TAGS : EINV, EFIN, OPIC, BG
SUBJECT : BELBAGCO

REF : (A) DACCA 2265, (B) STATE 101802

1. IN RESPONSE TO REF (B), THE TEXT OF THE MESSAGE
REFERRED TO IN REF A, PARA 3, FOLLOWS BELOW. WE HAVE
DELETED ONLY THE ACCOUNTING TABLES WHICH CANNOT READILY
BE PUT INTO CABLE FORM.

2. BEGIN TEXT: DEAR MR. ROBERTSON, PLEASE REFER TO
YOUR LETTER NO. 450 DATED THE 12TH APRIL, 1977 WHEREIN
YOU HAVE SOUGHT CERTAIN CLEARIFICATION ON THE 'AMENDED
BALANCE SHEET' OF PAKISTAN FABRICS COMPANY LIMITED (NOW
BANGLADESH FABRICS) PREPARED BY J.U. AHMED & COMPANY, A
PROFESSIONAL CHARTERED ACCOUNTANT'S FIRM ENGAGED TO
EVALUATE THE NET ASSETS OF SUCH QITS.

THE 'AMENDED BALANCE SHEET' WAS DRAWN BY J.U. AHMED
& COMPANY ON THE BASIS OF THE AUDITED ACCOUNTS OF
THE ENTERPRISE AS OF 26TH MARCH, 1972, PREPARED BY
ANOTHER CHARTERED ACCOUNTS' FIRM, NAMELY, M.M. RAHMAN
& COMPANY, AFTER MAKING CERTAIN ADJUSTMENTS, ON THE BASIS
OF INFORMATIONS RECEIVED FROM THE PRESENT MANAGEMENT
OF THE COMPANY.

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REASONS FOR MAKING THESE ADJUSTMENTS HAVE BEEN EX-
PLAINED IN THE NET-WORTH EVALUATION REPORT SUBMITTED TO
THE GOVERNMENT BY J.U. AHMED & COMPANY. A COPY OF THEIR
REPORT (ANNEXURE-I) IS ENCLOSED FOR YOUR INFORMATION.
ALSO ENCLOSED PLEASE FIND A BOARD SHEET (ANNEXURE-II)
WHICH CONTAINS THE BALANCE SHEET PREPARED BY M.M. RAHMAN
& COMPANY VIS-A-VIS THE ADJUSTMENTS MADE THEREON BY

J.U. AHMED & COMPANY, FOR BETTER APPRECIATION OF THE
CASE. YOURS SINCERELY, SAINUL ABEDIN.

REPORT ON THE EVALUATION OF NET WORTH OF COMPANIES/
ENTERPRISES UNDER BJMC AS ON 26TH MARCH, 1972. BANGLA-
DESH FABRIC CO. LTD.

1. GENERAL:

DATE OF INCORPORATION: 9.3.1959

DATE OF PRODUCTION: 10.7.1961

INSTALLED CAPACITY: 9,500 TONS

PAID-UP CAPITAL: TAKA 65,16,100

2. METHODOLOGY ADOPTED FOR EVALUATION OF NET
WORTH.

A) AUDITORS' REPORT AND AUDITED ACCOUNTS FOR THE
PERIOD ENDED ON 26TH MARCH, 1972.

B) REPLIES TO QUESTIONNAIRE SUBMITTED BY THE COMPANY.

C) DISCUSSION WITH THE COMPANY OFFICIAL(S).

D) EXAMINATION OF SUCH RECORDS AS WERE PRODUCED TO
US.

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3. NET WORTH:

THE NET WORTH OF THE COMPANY AS ON 26TH MARCH, 1972
AFTER MAKING THE FOLLOWING ADJUSTMENTS IS SHOWN IN PARA-
GRAPH 5. THE ADJUSTMENTS WERE NECESSARY TO GIVE EFFECT
TO THE COMMENTS MADE BY THE AUDITORS IN THEIR REPORT AND
THE VARIOUS POINTS BROUGHT TO OUR NOTICE BY THE PRESENT
MANAGEMENT OF THE COMPANY.

4. DETAILS OF ADJUSTMENTS MADE IN THE ACCOUNTS:

A) DEPRECIATION: TK.19,24,576.

DEPRECIATION DURING THE TAX HOLIDAY PERIOD AMOUNT-
ING TO TK.19,24,576 WHICH WAS PROVIDED IN THE ACCOUNTS
WAS WRITTEN BACK IN 1966 ON THE EXPIRY OF TAX HOLIDAY
PERIOD. THIS MEANT THAT THE FIXED ASSETS WERE OVER-
VALUED BY THIS AMOUNT. THEREFORE, AN EQUIVALENT AMOUNT
HAS BEEN TRANSFERRED FROM RESERVE AND SUR-

PLUS TO DEPRECIATION RESERVE ACCOUNT.

B) STOCKS AND STORES: TK.48,778

THIS REPRESENTS THE VALUE OF STORES-IN-TRANSIT WHICH WERE BELIEVED TO HAVE BEEN OFF-LOADED IN COLOMBO AND KARACHI DURING THE LIBERATION WAR. THESE GOODS HAVE NOT YET BEEN RECEIVED AND THE COMPANY FEELS THAT THESE ARE NOT LIKELY TO BE RECEIVED IN THE FORESEEABLE FUTURE. THEREFORE, THIS AMOUNT HAS BEEN WRITTEN OFF.

C) DEBTORS: TK.32,78,824

THIS AMOUNT REPRESENTS THE INSURANCE CLAIM IN RESPECT OF THE VALUE ASSETS LOST DUE TO FIRE ON 16TH DECEMBER, 1971. THIS CLAIM HAS NOT BEEN ACCEPTED BY THE INSURANCE COMPANY. THE COMPANY CONSIDERS THE AMOUNT TO BE DOUBTFUL OF RECOVERY AND THEREFORE, THIS HAS BEEN UNCLASSIFIED

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FULLY PROVIDED FOR.

D) ADVANCES, DEPOSITS AND PREPAYMENTS: TK.1,16,190

THIS AMOUNT REPRESENTS TK.66,190 DUE FROM EMPLOYEES WHO ARE NO LONGER IN SERVICE OF THE COMPANY AND TK.50,000 DUE FROM MR. ALI HUSSAIN, FORMER JUTE SUPPLIER. WE APPEND BELOW THE AUDITORS COMMENT IN THIS RESPECT:

QUOTE WE ARE INFORMED THAT THE PARTY IS UNTRACED SINCE LIBERATION AND THE COMPANY CONSIDERS THE AMOUNT AS BAD. UNQUOTE.

E) CASH AND BANK BALANCES: TK.20,307

THIS IS MADE UP OF TK.19,500 BAUNG THE VALUE OF DEMONITISED NOTES SURRENDERED DURING THE PAKISTANI REGIME FOR WHICH NO ADJUSTMENT HAS SINCE BEEN MADE AND TK.807 LYING WITH BANKS IN PAKISTAN.

F) LIABILITIES FOR OTHER FINANCE: TK.2,81,212

THIS REPRESENTS THE INCOME TAX LIABILITY ON THE PROFIT OF THE COMPANY FOR THE YEAR ENDED 30.6.1971 WHICH HAS BEEN ACCEPTED BY THE COMPANY. THIS LIABILITY WAS NOT TAKEN INTO ACCOUNT WHICH IS NOW BEEN ADJUSTED.

5. AMENDED BALANCE SHEET AS ON

26.3.1972.

SD/J.U. AHMED & COMPANY

NOTE: THE BALANCE SHEET HAS ALREADY BEEN SUPPLIED TO OPIC AND AMERICAN EMBASSY.

3. FULL TEXT OF LETTER AND ENCLOSURES FOLLOWS BY AIR-

GRAM.
MASTERS

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALIZATION, CLAIMS, COMPENSATION, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 06-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977DACCA02429
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1977/newtext/t19770586/aaaacwoo.tel
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Litigation Code IDs:
Litigation Codes:
Litigation History:
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Message ID: fac48a99-c288-dd11-92da-001cc4696bcc
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Review Withdrawn Fields: n/a
SAS ID: 2619883
Secure: OPEN
Status: NATIVE
Subject: BELBAGCO
TAGS: EINV, EFIN, BG, OPIC, BELBAGCO
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/fac48a99-c288-dd11-92da-001cc4696bcc
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